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Hertz Press Information

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Units Climb 1.3%...

1983 CAR & TRUCK LEASE-RENTAL REVENUES ADVANCE 9.1% TO RECORD $40.56 BILLION

Lease-rental vehicle revenues climbed 9.1% in 1983 to a record $40.555 billion while total units in service snapped back to 6,126,000 million, 1.3% ahead of 1982's 6,046,000 but still behind the 1981 high of 6,109,000, according to The Hertz Corporation's annual industry estimate issued today.

New cars and trucks entering lease-rental service also were up, from 1,771,000 in 1982 to 1,903,000 last year, a 7.5% climb, the company's new study of the industry found.

The 1983 new-unit figure is 17% below the record 2,284,000 passenger cars and commercial vehicles that went into lease-rental use in 1978, however, the company's latest survey noted.

Today's report shows that average lease-rental vehicle age — or "holding time" — edged down 5.6% to 3.22 years in '83 from 3.41 in '82, but current figures are still substantially above the 2.45-year average in 1972, the last year before the initial Arab oil embargo.

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"Over the past decade, users of most cars and trucks have been keeping vehicles longer, and those who lease and rent have not been exceptions," said Frank A. Olson, Hertz Corporation chairman.

Average age of ALL cars and trucks on the road continued to rise. In 1983, the nation's 124.5 million cars averaged 7.4 years old — up from 7.2 in '82, and the 38.1 million trucks climbed from 7.7 to 8.1 years. This brought the 1983 motor vehicle average to 7.6 years vs. 7.3 in '82, Hertz' report pointed out.

Average annual mileage by lease-rental units climbed 7.4% from an estimated 23,550 in 1982 to 25,292 in 1983, indicating business people were on the road in even greater numbers again last year. But their 1983 mileage was still under 1978's record 26,730. The '83 mileage averaged by ALL U.S. units was 8,967, 3.5% over '82.

In 1972, average lease-rental car and truck age was estimated at 2.45 years and average mileage per vehicle was 25,970, the Hertz study data shows.

All Non-Personal Sales Also Rebound

The report estimated TOTAL cars in non-personal service — both leased AND owned vehicles, including so-called "fleet" models -- were up 2.8% to 12,293,000 units from 1982's 12,061,000 but still under the '81 high of 12,490,000.

Sales of new non-personal cars rose 16.9% from 3,715,000 in 1982 to 4,344,000 in 1983, slightly outpacing the 15.1% overall 1983 new car sales advance which took overall auto registrations to 8.924 million from 1982's 7.754 million.

Sales of new units for non-personal use still were off the 1972 record of 4,990,000 new non-personal cars. However, total non-personal autos in use continued to advance each year until 1981's record because businesses and governments began keeping vehicles longer, the Hertz data shows.

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Import Share Down Again

The new Hertz study also shows import autos accounted for 11.4% of non-personal car sales in '83, down from 12.5% in '82, and a record 13.2% in '81. In earlier years, the "fleet" import share was lower — 7.8% in 1978, 3.7% in 1972.

The Hertz figures for non-personal units include major "fleet" sales of more than 10 units at a time, PLUS sales to smaller business and government groups and to individuals driving more than 50% for purposes such as business.

While total lease-rental and overall "fleet" cars in service remain an under-10% share of the 124.5 million passenger cars on the nation's roads, the ratio of new non-personal sales to all new auto sales has been in the 50% range for the past 20 years.

The share of new lease-rental vehicle sales to total new car and truck sales has grown from under 1% in 1950 to 16% last year. Here is a breakout of the Hertz estimates for key segments of the business for 1983, 1982 and 1973:

CAR LEASING

Units In Service: ~~5,413~~ 4,559,000 in 1983 against 4,497,000 in 1982 and 3,227,000 in 1973.
Revenues: $24.430 billion in 1983, $22.322 billion in '82 and $6.128 billion in '73
(Individual leases totalled 1,653,000 units last year against 1,645,000 for 1982 and 925,000 units in '73.)

CAR RENTAL

Units In Service: 525,000 in '83, 505,000 for '82 and 364,000 in '73.
Revenues: $4.019 billion in '83, $3.582 in '82 and $1.171 billion in '73.

TRUCK LEASING

Units in Service: 854,000 units last year, 856,000 in '82 and 688,000 in 1973.
Revenues: $9.174, $8.581 and $2.894 billions.

TRUCK RENTAL

Units In Service: 188,000, 188,000 and 162,000.
Revenues: $2.962 billion, $2.677 billion and $829 million.

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The report said these figures may be conservative, since many dealers in new and used motor vehicles are now in the lease-rental business, adding to the industry totals.

Rentals are defined as transient daily, weekly or monthly use of cars and trucks, generally for less than six months. Leasing refers to longer-term contracts, usually from one to five years for cars and one to eight years for trucks.

Most lease-rental vehicles are newer, higher-priced units which cost more to buy and run than older and used models. Rental cars are normally kept just 12-18 months, lease cars 12-48 months.

Hertz estimates lease-rental cars and trucks, which were 3.9% of total units on the road last year, rolled about 155 billion miles, some 10.6% of the 1.388 trillion run by all cars and trucks last year.

First 35 Years The Slowest

Although the car and truck renting business began more than 60 years ago when the motor vehicle business itself was still young, lease-rental did not begin its current growth pattern until the 1950s.

By the mid-point of the 20th-century, only 82,000 lease-rental vehicles were in service, about 50,000 of them trucks—most short-haul delivery vans. This total amounted to less than 2/10ths of 1% of the nearly 50 million cars and trucks then on U.S. roads.

Lease rental revenues in 1950 were less than $120 million, almost $90 million in truck receipts, according to a review of U.S. motor vehicle use and costs prepared by Hertz. Lease-rental vehicle mileage of 1.6 billion was just 4/10ths of 1% of the 364 billion miles all cars and trucks ran that year.

Hertz itself, founded in 1918 and a leader by 1950, had only about 6,300 units then. Its revenues aggregated under $14 million, mainly from its truck fleet. Last year, revenues topped $1.5 billion, primarily from cars.

(more)

Hertz opened for business in Chicago with 12 automobiles. By 1923, when John Hertz purchased the firm, it was renting about 500 vehicles from several locations. Truck leasing and renting began about 1925. Full-scale, long-term car leasing was undertaken in 1955. Today, the company has some 4,500 locations in more than 120 nations around the globe and--with its licensees and franchisees--has vehicle fleets of more than 375,000 units.

Hertz and eight to 12 other companies are generally regarded as the leading national firms in the business, with others operating on a local or regional basis.

Some 20,000 Firms, Variety of Leases

Some persons place the number of firms now in car or truck leasing or renting as high as 20,000 — ranging from automobile dealers who rent or lease only a handful of vehicles each, to major banks and retail chains specializing in fleet leases.

A wide variety of lease and rental contracts are written to meet diverse customer needs. Under a basic so-called "open-end" or "finance" lease, for example, the lessee — customer — assumes any gain or loss when a unit is sold at the end of the lease.

Most other agreements are simply options on or variations of the basic lease understanding. With a "closed end" contract, for instance, the lessor — leasing company — has responsibility for any profit or loss.

Other variations on a basic contract might permit a lessee to share in any resale value gain at lease end, while guarding against any loss. Added lease "options" might include full- or partial-maintenance of the vehicle, discounts on major upkeep items such as tires and batteries, and alternate forms of insurance coverage.

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With a full-maintenance lease, the lessor provides complete service of the vehicle; with a "non-maintenance" contract, the lessee usually is responsible for keeping the vehicle running.

One agreement may cover fueling, maintaining, garaging, insuring and administering a huge nationwide fleet of jumbo tractor-trailer combinations at dozens of locations for a giant corporation. Another may involve only one individual leasing a single sub-compact passenger car.

Used Vehicles Sold

In addition, Hertz and other leasing companies now dispose of some lease and rental units through sales to retail customers at showrooms and lots in key cities across the nation, a practice Hertz introduced in 1970.

Industry officials foresee continuing lease-rental growth. If the past advances continue at the same rate, as many in the industry believe, industry volume would be in the $60-70 billion annual range by the end of the decade.

Hertz states: "The car and truck lease-rental volume today is substantial and has been growing for two decades at rates significantly higher than rates of growth of new cars and new trucks generally. As the industry continues to offer more and improved service to the motoring public — individuals and corporations— we are confident future growth will continue to reflect the success of our efforts as it has in the past."

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TABLE IA Hertz Corp. 8/84

DATA ON LEASE-RENTAL UNITS & OTHER 'FLEET*' VEHICLES

Units=Thousands
Revs.=Millions
Cals./Miles=Billions

1950-1983 ('50-'73) (continued)

Total In Service	1950 Car	1950 Truck	1950 Total	1960 Car	1960 Truck	1960 Total	1973 Car	1973 Truck	1973 Total
Rental Units	17	9	26	112	45	157	364	162	526
Rental Revs.	22	19	41	216	142	358	1171	829	2000
Lease Units	16	40	56	524	207	731	3227	688	3915
Lease Revs.	8	69	77	483	519	1002	6128	2894	9022
S/T L/R Units	33	49	82	636	252	888	3581	850	4431
S/T L/R Revs.	30	88	118	699	661	1360	7229	3723	10952
Lease Cars									
-'Fleet'*Units	16			449			2233		
-Individ.Units	—			75			994		
Lease Trucks									
- Full Service		36			145			361	
- Finance		14			62			327	
NEW Units Into:									
- L/R Service	12	9	21	242	53	295	1744	204	1948
- All Uses	6300	1100	7400	7100	900	8000	11376	3029	14405
% L/R to Total	0.002	0.008	0.003	0.034	0.059	0.037	0.153	0.067	0.135
Vehicles On Road (Millions)	40.3	8.8	49.2	61.6	12.2	73.8	101.8	23.7	125.5
Fuel Used By:									
- L/R Vehicles	0.03	0.12	0.15	0.83	0.76	1.59	5.98	3.43	9.41
- All C & T	25.2	10.3	35.5	41.2	16.7	57.9	74.9	30.4	105.3
Mileage Run By									
- L/R Units	0.5	1.1	1.6	11.9	5.9	17.8	77.7	29.5	107.2
- All Units	364	94	458	588	131	719	977	260	1237
All'Fleet'*Cars									
On Road(Mls.)	4.876			7.453			11.589		
Miles Trvld.	62.3			100.6			157.4		

*Fleet = Vehicles in non-personal business, government, non-profit, lease-rental etc. service.

TABLE IB Hertz Corp. 8/84

DATA ON LEASE-RENTAL UNITS & OTHER 'FLEET*' VEHICLES

Units=Thousands
Revs.=Millions 1950-1983 ('78-82)
Gals./Miles=Billions

Total In Service	1978 Car	1978 Truck	1978 Total	1981 Car	1981 Truck	1981 Total	1982 Car	1982 Truck	1982 Total
Rental Units	448	182	630	512	193	705	505	188	693
Rental Revs.	2303	1667	3970	3349	2606	5955	3582	2677	6259
Lease Units	4269	802	5071	4556	848	5404	4497	856	5353
Lease Revs.	14783	5326	20109	21236	8300	29536	22322	8581	30903
S/T L/R Units	4717	984	5701	5068	1041	6109	5002	1044	6046
S/T L/R Revs.	17086	6993	24079	24585	10906	35491	25904	11258	37162
Lease Cars									
-'Fleet'*Units	2659			2843			2852		
-Individ.Units	1610			1713			1645		
Lease Trucks									
- Full Service		340			330			322	
- Finance		462			518			534	
NEW Units Into:									
- L/R Service	2038	246	2284	1743	183	1926	1570	201	1771
- All Uses	10946	3963	14909	8444	2185	10629	7754	2430	10185
% L/R to Total	0.186	0.062	0.153	0.206	0.084	0.181	0.202	0.083	0.174
Vehicles On Road (Millions)	118.6	31.5	150.1	122.0	36.1	158.1	123.2	37.0	160.2
Fuel Used By:									
- L/R Vehicles	6.61	4.26	10.87	5.24	4.04	9.28	4.90	4.16	9.06
- All C & T	77.6	38.2	115.9	66.1	39.1	105.7	65.8	41.2	107.0
Mileage Run By									
- L/R Units	112.4	40.0	152.4	98.3	39.6	138.0	101.9	40.4	142.3
- All Units	1087	360	1447	986	383	1369	990	398	1388
All'Fleet'*Cars									
On Road(Mls.)	12.383			12.490			12.061		
Miles Trvld.	171.1			150.9			151.7		

*"Fleet" = Vehicles in non-personal business, government, non-profit lease-rental, etc. service.

TABLE IC DATA ON LEASE RENTAL & OTHER "FLEET" VEHICLES

Units=Thousands 1950-1983 ('82-3)
Revs.=Millions
Gals./Miles=Billions

Total In Service	1982 Car	1982 Truck	1982 Total	1983 Car	1983 Truck	1983 Total	Percent Change '73-83	Psg.Car 1982-3
Rental Units	505	188	693	525	188	713	1.442	1.040
Rental Revs.	3582	2677	6259	4019	2932	6951	3.432	1.122
Lease Units	4497	856	5353	4559	854	5413	1.413	1.014
Lease Revs.	22322	8581	30903	24430	9174	33604	3.987	1.094
S/T L/R Units	5002	1044	6046	5084	1042	6126	1.420	1.016
S/T L/R Revs.	25904	11258	37162	28449	12106	40555	3.935	1.098
Lease Cars								
-'Fleet'*Units	2852			2906			1.301	1.019
-Individ.Units	1645			1653			1.663	1.005
Lease Trucks								
- Full Service		322			319			0.991
- Finance		534			535			1.002
NEW Units Into:								
- L/R Service	1570	201	1771	1696	207	1903	0.972	1.080
- All Uses	7754	2430	10185	8924	2977	11901	0.784	1.151
% L/R to Total	0.202	0.083	0.174	0.190	0.070	0.160		
Vehicles On Road (Millions)	123.2	37.0	160.2	124.5	38.1	162.6	1.223	1.011
Fuel Used By:								
- L/R Vehicles	4.90	4.16	9.06	5.21	4.34	9.55	0.871	1.063
- All C & T	65.8	41.2	107.0	66.6	41.6	108.2	0.889	1.012
Mileage Run By								
- L/R Units	101.9	40.4	142.3	112.5	42.5	155.0	1.448	1.104
- All Units	990	398	1388	1036	423	1459	1.060	1.046
All'Fleet'*Cars								
On Road(Mls.)	12.061			12.393				1.028
Miles Trvld.	151.7			162.6				1.072

*"Fleet"=Vehicles in non-personal business, government, non-profit, lease-rental, etc. service.

TABLE IIA 8/84 Hertz Corp. Estimates in Millions of Units.

'FLEET' CAR SALES — NEW UNITS SOLD FOR NON-PERSONAL SERVICE

	1950	1960	1973	1975	1978	1979	1980
# Domestic	1.476	2.481	4.532	4.494	4.401	4.302	3.784
# Import	0.0004	0.0030	0.2590	0.2510	0.3730	0.3860	0.5210
Import % Of 'Fleet'	—	1.3	5.4	5.3	7.8	8.2	12.1
TOTAL 'FLEET'	1.476	2.484	4.791	4.745	4.774	4.704	4.305
% 'Fleet' To All P/C Sales	23.4	35.0	42.1	57.4	43.6	45.5	49.1

NEW CAR SALES TO INDIVIDUALS FOR PERSONAL USE

# Domestic	4.819	4.114	5.056	2.263	4.599	3.678	2.508
# Import	0.005	0.507	1.529	1.254	1.573	1.953	1.948
TOTAL #	4.824	4.621	6.585	3.517	6.172	5.631	4.456
% Import To All Individual Sales	0.1	11.0	23.2	35.7	25.5	34.7	43.7

TOTAL NEW CAR SALES — INDIVIDUAL & 'FLEET' — DOMESTIC & IMPORT

# Domestic	6.295	6.595	9.586	6.757	9.000	7.996	6.292
# Import	0.005	0.510	1.790	1.505	1.946	2.339	2.469
TOTAL #	6.300	7.105	11.376	8.262	10.946	10.335	8.761
% Import To TOTAL P/C SALES	0.2	7.0	15.7	18.2	17.8	22.6	28.1

Sales = All passenger cars used primarily for non-personal driving.

TABLE IIB

8/84 Hertz Corp. Estimates
In Millions Of Units

'FLEET' CAR SALES — NEW UNITS SOLD FOR NON-PERSONAL SERVICE

	1979	1980	1981	1982	1983	PERCENTAGE CHANGE 1973-83	1982-3
# Domestic	4.302	3.784	3.475	3.252	3.848	0.849	1.183
# Import	0.3860	0.5210	0.5280	0.4630	0.4960	1.9151	1.071
Import % Of 'Fleet' TOTAL	8.2	12.1	13.2	12.5	11.4		
'FLEET'	4.704	4.305	4.003	3.715	4.344	0.907	1.169
% 'Fleet' To All P/C Sales	45.5	49.1	47.4	47.9	48.7		

NEW CAR SALES TO INDIVIDUALS FOR PERSONAL USE

# Domestic	3.678	2.508	2.537	2.209	2.619	0.518	1.186
# Import	1.953	1.948	1.904	1.830	2.457	1.607	1.343
TOTAL #	5.631	4.456	4.441	4.039	5.076	0.771	1.257
% Import To All Individual Sales	34.7	43.7	42.9	45.3	48.4		

TOTAL NEW CARS SALES — INDIVIDUAL & 'FLEET' — DOMESTIC & IMPORT

# Domestic	7.996	6.292	6.012	5.461	6.467	0.656	1.184
# Import	2.339	2.469	2.432	2.293	2.457	1.373	1.072
TOTAL #	10.335	8.761	8.444	7.754	8.924	1.026	1.151
% Import To TOTAL P/C SALES	22.6	28.1	28.8	29.6	27.5		

Table III MILEAGE TRAVELLED & FUEL USED BY PURPOSE & VEHICLE TYPE

Hertz Estimates — Originally Issued 7/84

	<..TRUCK.....>		<..... PASSENGER CAR							
	<——NON-PLEASURE TRAVEL——>								<--PLEASURE-->	
	Business Travel				Essential Family Use		+Commutation		Pleasure Usage	
YEAR	Miles (Bls.)	Fuel Use (Bls. Gals.)	Mil (Bl	Fuel Use (Bls. Gals.)	Miles (Bls.)	Fuel Use (Bls. Gals.)	Miles (Bls.)	Fuel Use (Bls. Gals.)	Miles (Bls.)	Fuel Use (Bls. Gals.)
1950	94.0	10.30	62.3	14.33	207.0	14.38	102.0	7.06	95.0	6.49
1960	131.0	16.70	100.6	7.03	334.0	23.36	170.0	11.87	153.0	10.81
1970	220.0	26.50	159.8	11.66	508.0	37.08	268.0	19.53	233.0	17.06
1971	232.0	28.00	164.6	12.01	549.0	40.07	287.0	20.98	241.0	17.42
1972	265.0	29.50	167.0	11.68	573.0	40.07	303.0	21.20	263.0	18.25
1973	260.0	30.40	157.4	12.11	561.0	43.15	297.0	22.88	259.0	19.64
1974	274.0	29.90	143.9	11.51	529.0	42.32	281.0	22.46	244.0	19.47
1975	270.0	29.70	148.2	11.31	553.0	42.21	294.0	22.42	254.0	19.68
1976	302.0	33.10	154.7	10.67	572.0	43.01	303.0	22.82	262.0	20.72
1977	338.0	36.70	161.1	10.39	630.0	45.99	323.0	23.58	258.0	20.22
1978	360.0	38.30	171.1	10.06	652.0	46.57	334.0	23.89	264.0	20.97
1979	371.0	38.60	166.7	9.26	658.0	45.89	324.0	22.70	229.0	18.05
1980	386.0	40.10	152.5	8.03	637.0	44.44	315.0	21.94	201.0	15.83
1981	383.0	39.10	150.9	7.82	636.0	43.47	314.0	21.42	199.0	15.31
1982	398.0	40.40	151.7	7.40	639.0	43.32	316.0	21.41	198.0	15.10
1983	423.1	41.64	191.4	8.95	582.1	38.50	360.2	23.82	262.2	19.21

YEAR	SUB-TOTAL CARS Miles (Mls.)	SUB-TOTAL CARS Fuel Use (Bls. Gals.)	NON-PLEASURE SUB-TOTAL (CAR & TRUCK) Miles (Bls.)	NON-PLEASURE SUB-TOTAL (CAR & TRUCK) Fuel Use (Bls.Gls.)	TOTALS CARS & TRUCKS Miles (Bls.)	TOTALS CARS & TRUCKS Fuel Use (Bls. Gals.)
1950	364.0	25.10	363.0	29.01	458.0	35.50
1960	588.0	41.10	566.0	47.09	719.0	57.90
1970	901.0	65.77	888.0	75.24	1121.0	92.30
1971	954.0	69.50	945.0	80.80	1186.0	97.50
1972	1003.0	70.14	1005.0	81.25	1268.0	99.50
1973	977.0	74.90	978.0	85.66	1237.0	105.30
1974	916.0	73.28	946.0	83.73	1190.0	103.20
1975	956.0	73.14	972.0	83.22	1226.0	102.90
1976	988.9	74.33	1029.0	86.78	1291.0	107.50
1977	1049.6	76.61	1129.0	93.08	1387.0	113.30
1978	1087.0	77.64	1183.0	94.93	1447.0	115.90
1979	1054.0	73.20	1196.0	93.75	1425.0	111.80
1980	991.0	68.32	1179.0	92.57	1377.0	108.40
1981	985.9	66.61	1170.0	90.38	1369.0	105.70
1982	990.0	65.80	1189.0	91.11	1388.0	106.10
1983	1035.7	66.60	1196.6	88.30	1458.8	108.20

+Essential family use includes commutation; some commutation by truck is included in truck mileage.

TABLE IV.

TOTAL NEW & USED CARS SOLD IN 1983 BY TYPE OF USE
(in millions of units)

	Total Cars Sold			Cars Sold For Non-Personal Use			Cars Sold For Personal Use		
	Numbers	Percentages: Down	Across	Numbers	Down	Across	Numbers	Down	Across
NEW CARS									
Domestic	6.467	0.725	1.0	3.848	0.875	0.595	2.619	0.547	0.405
Import	2.457	0.275	1.0	0.496	0.125	0.202	1.961	0.453	0.798
Sub-total New Cars	8.924	1.000		4.344	1.000		4.580	1.000	
Percentages		0.339	1.0			0.487			0.513
USED CARS									
Domestic	14.226	0.818	1.0	2.238	0.788	0.157	11.988	0.828	0.843
Import	3.165	0.182	1.0	1.021	0.212	0.323	2.144	0.172	0.678
Sub-total Used Cars	17.391	1.000		3.258	1.000		14.132	1.000	
Percentages		0.661	1.0			0.187			0.813
TOTALS	26.315	1.000	1.0	7.602		0.289	18.712		0.711

(A) The term "fleet" vehicle is defined by the auto industry as a unit sold to an organization purchasing 10 or more vehicles each year. In addition, many more are sold to smaller organizations and individuals which are used PRIMARILY for business (government, etc.), rather than for purely personal, driving; the above totals reflect both such categories.

The Hertz Corp. Originally Issued 5/84